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MEMORANDUM FOR THE RECORD

28 November 1958

SUBJECT: Additional Release from the Reserve for CORONA

1. CORONA has been funded to date by a release from the Agency Reserve in Fiscal Year 1958 [redacted]. In late September, a further release from the Reserve was approved for a variety of DPS projects. Of the total [redacted] authorized at that time, [redacted] was for CORONA. Accordingly, the total available up to this time is [redacted]

2. Some months ago it became apparent that additional funds would be required in the current fiscal year to cover over-runs and to fund certain costs originally expected to be paid by the Department of Defense. These were changes which it was desirable to shift from the relatively overt ARPA / Air Force contract with Lockheed to the Agency's covert contract for reasons of security and cover. About mid-November the financial position with respect to the whole Project became sufficiently clarified to permit an approach to the Bureau of the Budget for an additional release for these purposes. Following a meeting of Mr. Veatch of the Bureau with representatives of ARPA and my staff, [redacted] and I discussed this matter further with [redacted] on 21 November.

3. [redacted] stated at that time that, as a result of Mr. Veatch's meeting it would be possible to transfer [redacted] to the Agency to fund the costs shifted from the Department of Defense contract. It was confirmed that our further request was for the amount of [redacted] to cover the over-runs. [redacted] raised two questions with regard to the further proposed transfer and release. First, he desired to be assured that the full amount [redacted] was required over and above [redacted] released for CORONA in September (as stated in paragraph 2. above). Second, he desired assurance that the total SENTRY/CORONA program cost for Fiscal Year 1959, including both Department of Defense and Agency funds, would not exceed the alleged ceiling [redacted]

This document contains information  
referring to Project CORONA

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4. After further research I discussed this matter with [ ] on the telephone on 26 November and I presented him with the following information:

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a. Funds so far available to the Agency for CORONA total [ ] as stated in paragraph 1, above.

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b. Present requirements now stand as follows:

Original Cost  
Over-runs  
Cost transferred from DOD  
PRIME CONTRACT COSTS  
  
Costs for Exploitation Equipment  
for HTAUTOMAT  
Miscellaneous  
TOTAL AGENCY COSTS

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25X1A

c. The difference between these two figures indicates a need for a total [ ] additional funds, which would be made up of the [ ] to be transferred from ARPA and [ ] additional release from the Reserve.

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5. In giving [ ] these numbers I made the following specific cautionary statements.

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a. It is already apparent that the over-run on the prime contract will exceed [ ] and could exceed it by as much as another [ ]

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b. The present estimate of equipment required by HTAUTOMAT amounts [ ] in excess of the figure given to [ ]

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c. Almost none of the allowance of [ ] for miscellaneous items will be used for administrative overhead or additional personnel; this amount and probably more will be required for purposes for which no express provision has yet been made, including notably film and processing costs.

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25X1A 6. The information in the preceding paragraph provides answers to  
[ ] two questions. It is clear that the [ ] released  
in September for CORONA will barely cover the cost of equipment for  
HTAUTOMAT and miscellaneous costs. Therefore the additional [ ]  
for prime contractor over-run must be obtained from the Agency Reserve.  
As to total program cost, the latest figure I have received from the Depart-  
ment of Defense states the cost to ARPA as [ ] which,  
25X1A added to our [ ], would yield a total well within the alleged  
25X1A ceiling of [ ]. I explained to [ ] however, that the  
25X1A above [ ] figure was in constant flux as the back-up rules are  
changed from week to week in the Pentagon and I had heard the figure quoted  
within the last ten days as high as [ ]. I also explained to  
him that today's quote on this same estimate is that ARPA's share of the cost  
of CORONA/SENTRY in Fiscal Year 1959 is down to [ ] with the Air  
25X1A Force picking up [ ] in cost in Fiscal Year 1960. I  
argued that on any of the figures recently quoted the total program cost  
would seem to be within the alleged ceiling.

25X1A 7. [ ] said these explanations were helpful and that he would  
act on this matter as soon as he could have another consultation with Mr.  
Veatch, since the complex and unstable element in the equation appears to  
be Department of Defense accounting. I impressed upon [ ] the fact  
that we needed these funds urgently and hope he did not miss the implied  
suggestion that we cannot afford to wait until that distant day when the  
Pentagon's program was stabilized.

8. For the record, the undersigned will never again assume any  
responsibility for the success of a major program without having a reasonable  
degree of control over its funding either through reliance on Agency funds  
or by means of an iron-clad agreement with the Department of Defense.

cc: DD/S (Cy 2)

[ ]  
RICHARD M. BISSELL, JR.  
Special Assistant to the Director  
for Planning and Development

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